

This is the quick guide for those appointed Trustee of a family member or close friend's Trust and who are now wondering what they need to do next. Being a Trustee is not overly complex, but it does require a system, familiarity with the rules, and some diligence. Here are a couple of pointers to keep you on track:

- 1. Read the Trust.** This can be hard to do, especially with the length of some Trusts, but you need to be familiar with what it says. The first step in protecting yourself is knowing the document. In particular, you should be concerned with identifying the beneficiaries of the Trust (both the current ones and the ones to come later), as well as when a distribution from the Trust may be made to them, and sometimes equally as important, when a distribution is not to be made. In the case of Goosmann Trust Law Counsel, we provide our estate planning clients an Article Summary which breaks down what each article within their Trust document says. This could be a helpful reference to guide you where to look for certain elements within the Trust.
- 2. Consult an Attorney for Immediate Post-Death Administration.** After the Grantor (the creator of the Trust) passes away or a surviving spouse passes away, it is usually very necessary to contact an estate planning attorney to steer the Trust administration for those crucial months of the Trust's life to ensure that legal and tax requirements are met. There are a number of decisions to be made, and some, such as the decision to elect portability (preserving a deceased spouse's unused federal exemption), need to be made in a narrow window of time. An attorney can assist with this while also helping you transition into the Trustee role.
- 3. Implement a System.** After the post-death administration is completed, it is highly advisable you develop a system for making distributions to the beneficiaries of the Trust. Figure out what information you will need to respond to a beneficiary's request for a distribution and use that list anytime a request is made. Also, it is wise to keep at hand a summary of the kind of distributions you are allowed and feel comfortable making.
- 4. Documentation.** You will need to keep documentation of your activities as Trustee. At a minimum, some of this information will be made available to beneficiaries once a year. You should keep track of distributions made to beneficiaries and the reasons for the distributions. You will also want to document the income earned by the Trust as well as receipts of expenses. An account should be opened in the name of the Trust, if not open already, for handling the income and expenses.

- Page Continued -



5. Diversify and Protect. Besides making distributions to the beneficiaries of the Trust, your biggest responsibility will be preserving and protecting the assets held inside of the Trust. If the assets include investments, it means keeping an eye on their performance. If it includes real property, it means maintaining the property and keeping it in good repair. Primarily, however, it means diversifying the assets held by the Trust. Translated, this requires you to spread assets over a broad number of investments so that if one investment suffers, the Trust as a whole does not fail. It would not be prudent, for example, to keep the Trust wrapped up in only one piece of real estate or to invest all of the Trust's money in a local startup.

6. Consult with an Estate Planning Attorney When Needed. Having an estate planning attorney in your back pocket can be convenient, and you shouldn't be afraid of consulting one if you have concerns. An experienced estate planner can help navigate your obligations under the Trust document and anticipate any problems that may arise before they occur. An attorney can also assist with making sure you comply with your State's Trust Code and related statutes (which we also recommend you familiarize yourself with, though we understand it can be more than a little overwhelming). In short, an attorney can help make the Trusteeship a manageable task and give you the peace of mind knowing you are safely performing your responsibilities as a Trustee.

